

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 1031  
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### Overview

This bill deals with two issues involving life insurance policies after they have been issued. Both of them involve issues involving disputes over whether the policy is valid.

#### Section

- 1**      **Premium refund.** Provides that if a life insurance policy is considered (presumably by the insurer) to be legally void at the present time, legally void from its inception, or otherwise legally terminated for a reason other than nonpayment of premium, the owner of the policy has the right to recover from the insurer all premiums paid plus interest at 10 percent per annum on the premiums. Says this section does not apply if the policy owner committed fraud in connection with issuance of the policy. Makes this section effective immediately and apply to policies issued or in effect on or after that date.
  
- 2**      **Judicial declaration of policy validity.** This section deals with situations in which a life insurer refuses to say whether it will not contest the validity of a life insurance policy. This applies if the policyholder submits the request more than two years after issuance of the policy, and the life insurer refuses, within 120 days after the policyholder submitted the request, to say it will not contest the policy. In that situation, this section gives the policyholder the right to sue the insurer to seek a court decision as to whether the policy is valid. Awards court costs and attorney fees to the insured if the court decides the policy is valid. Provides an immediate effective date regarding policies issued or in effect.